

Ambuja reported marginally weak set of results compared to expectations on standalone basis for 2QFY24 as reported EBITDA at Rs7.7bn is 3% below our estimate. Results were disappointing on 2 counts of 1) weak volume growth of only 2% YoY on consolidated basis (after adjusting for volumes sold to ACC under MSA), and 2) capacity expansion largely coming in 2HFY26 which will delay volume growth for the company. ACEM continued to lose market share in 2QFY24 with subpar volume growth as heavy rains in Himachal and central region impacted volumes for the company in the month of July 2023. The management is confident of achieving 10-12% volume CAGR over the next 2 years, and we are also penciling in the same with Sanghi acquisition getting completed by 3QFY24. While operating costs were marginally higher on QoQ basis, the management reiterated its endeavor to reduce costs through reduction in P&F costs, freight costs and other expenses. We have sharply cut our EBITDA estimates for the company for FY24 and FY25 by 16% and 14% respectively as we believe that reduction in operating costs will be gradual and meaningful market share gain are only possible in FY26. Our revised TP based on 15x Sep25 EV/EBITDA now stands at Rs418 (Rs467 earlier). We maintain our Reduce rating on the stock.

#### 2QFY24 result highlights

Ambuja reported marginally weak set of results with EBITDA of Rs7.7bn, 3% below our estimate. EBITDA/mt at Rs.1,020/mt is better than our estimate owing to strong growth in realizations. Volumes at 7.6mn mt improved by 7% YoY while we were estimating volumes of 8.1mn mt. Weak July 2023 on account of rains impacted overall volume growth for the company. However, realizations at Rs5,237/mt improved by 0.8% QoQ against our expectation of 1% decline. Despite strong realization growth, absolute EBITDA was lower as volumes were weak and operating costs remained elevated with 1.5% QoQ jump. P&F costs remained flat for the company on QoQ basis at Rs1,274/mt. Other expenses were controlled with both YoY and QoQ decline.

#### Consolidated performance highlights

On consolidated basis, Ambuja delivered just 2% volume growth and 5% revenue growth. While EBITDA/mt at Rs995 is better on YoY basis, it is down by Rs87/mt on QoQ basis. The company has undertaken multiple cost saving initiatives across P&F, freight and other expense line items and expects Rs400/mt improvement over next few years. On balance sheet front, advances for coal have been extinguished but receivable have increased from March levels. The management has guided for Rs75bn capex for this year for both entities in FY24.

#### 10-12% volume growth and further improvement in efficiency expected; cash balance stable

The management has guided for 10-12% volume growth this year coupled with further improvement in cost structure through 1) lower power & fuel costs, 2) logistics optimization and 3) lower overheads. Consolidated cash balance at Rs117bn improved marginally from March 23 levels on account of higher operating cashflows. The management reiterated its vision to increase its capacity to 140mn mt and become lowest cost producer by 2028.

#### Maintain Reduce rating

We believe that Ambuja will be able to deliver 10-12% volume growth till FY25 (despite challenges on domestic demand front given the upcoming elections) and expect current profitability to continue. However, we also highlight that despite double digit growth for the industry in 1HFY24, Ambuja consolidated volumes have been subpar to say the least. We believe that volume growth going forward will not be achieved along with growth in profitability given intense competition. Major capacity growth for Ambuja will happen by 2QFY26 and till then volume growth will be driven by Sanghi acquisition wherein profitability is still uncertain. In this backdrop, we have cut our EBITDA estimates for the company by 16%/14% for FY24/FY25 respectively. We maintain our Reduce rating on the stock with revised TP of Rs418.

#### Financial and valuation summary

YE Mar (Rs mn)	2QFY24A	2QFY23A	YoY (%)	1QFY24A	QoQ (%)	FY24E	FY25E	FY26E
Revenues	39,698	36,704	8.2	47,297	(16.1)	1,79,455	2,01,205	2,29,672
EBITDA	7,734	3,043	154.1	9,486	(18.5)	33,769	37,942	45,405
EBITDA margin (%)	19.5	8.3	135.0	20.1	(2.9)	18.8	18.9	19.8
Adj. Net profit	6,438	1,531	320.5	6,449	(0.2)	22,892	25,063	29,026
Adj. EPS (Rs)	3.2	0.8	320.5	3.2	(0.2)	9.3	10.2	11.8
EPS growth (%)						(29.9)	9.5	15.8
PE (x)						43.8	40.0	34.5
EV/EBITDA (x)						17.9	16.5	14.2
PBV (x)						2.2	2.1	2.0
RoE (%)						6.2	5.4	6.1
RoCE (%)						6.5	5.7	6.3

Source: Company, Centrum Broking

#### Result Update

India I Cement

02 November, 2023

#### REDUCE

Price: Rs407

Target Price: Rs418

Forecast return: 3%

Institutional Research

#### Market Data

Bloomberg:	ACEM IN
52 week H/L:	598/315
Market cap:	Rs807.5bn
Shares Outstanding:	1985.6mn
Free float:	30.6%
Avg. daily vol. 3mth:	34,46,433

Source: Bloomberg

#### Changes in the report

Rating:	Reduce, unchanged
Target price:	-10% from Rs467 to Rs418
EBITDA:	FY24: -16%; FY25: -14%

Source: Centrum Broking

#### Shareholding pattern

	Sep-23	Jun-23	Mar-23	Dec-22
Promoter	63.2	63.2	63.2	63.2
FIIs	11.7	12.4	11.1	11.2
DIIIs	15.5	13.4	13.5	15.5
Public/other	9.6	11.0	12.2	10.1

Source: BSE

#### Centrum estimates vs Actual results

YE Mar (Rs mn)	Centrum Q2FY24	Actual Q2FY24	Variance (%)
Revenue	41,674	39,698	-4.7
EBITDA	7,956	7,734	-2.8
EBITDA margin	19.1	19.5	(39) bps
Adj. PAT	4,370	6,438	47.3
EPS (Rs)	1.8	2.6	47.3

Source: Bloomberg, Centrum Broking



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## Thesis Snapshot

### Estimate revision

YE Mar (Rs mn)	FY24E New	FY24E Old	% chg	FY25E New	FY25E Old	% chg
Revenue	1,79,455	1,75,508	2.2	2,01,205	1,89,600	6.1
EBITDA	33,769	40,223	-16.0	37,942	44,017	-13.8
EBITDA margin	18.8	22.9	(410) bps	18.9	23.2	(436) bps
Adj. PAT	22,892	26,823	-14.7	25,063	29,421	-14.8
Diluted EPS (Rs)	9.3	10.9	-14.7	10.2	11.9	-14.8

Source: Centrum Broking

### Ambuja Cement versus NIFTY 50

	1m	6m	1 year
ACEM IN	(4.3)	2.6	(25.3)
NIFTY 50	(3.3)	5.1	4.6

Source: Bloomberg, NSE

### Key assumptions

Y/E Mar	FY24E	FY25E
Capacity (mn mt)	37.3	51.1
Volumes (mn mt)	33.5	36.9
Realizations	5,305	5,411
Operating expense	4,349	4,430
EBITDA/mt	1,008	1,030
Capex (Rs mn)	-50,311	-50,359
Net Debt (Rs mn)	-2,03,278	-1,81,982

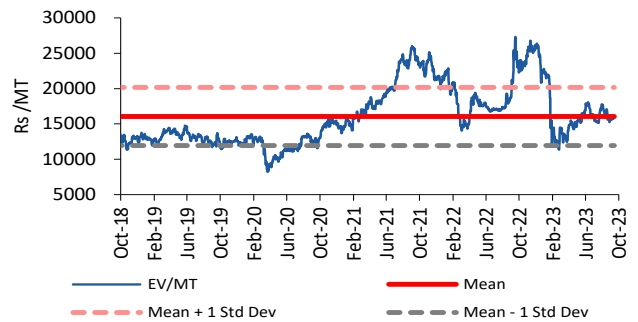
Source: Centrum Broking

### Valuations

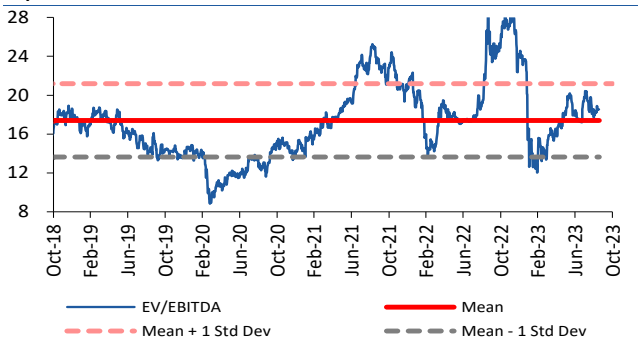
Major capacity growth for Ambuja will happen by 2QFY26 and till then volume growth will be driven by Sanghi acquisition wherein profitability is still uncertain. In this backdrop, we have cut our EBITDA estimates for the company by 16%/14% for FY24/FY25 respectively. We maintain our Reduce rating on the stock with revised TP of Rs418.

Valuations	Rs/share
Sep25 EBITDA	41,673
Target multiple (x)	15.0
Enterprise value	6,25,102
Less: Net debt & CWIP	(2,28,068)
Equity value	8,53,171
Value of stake held in ACC	1,97,367
Holding company discount	10%
Adjusted value of ACC stake	1,77,630
<b>Total equity value</b>	<b>10,30,801</b>
No of shares (mn)	2,463
<b>Target price (Rs)</b>	<b>418</b>

### 1-year forward EV/MT



### EV/EBITDA mean and standard deviation



Source: Bloomberg, Centrum Broking

### Peer comparison

Company	Mkt Cap (Rs bn)	CAGR (FY23-25E)			EV/EBITDA (x)			EV/mt (US\$)			FY25E	
		Sales	EBITDA	EPS	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	RoE (%)	ROCE (%)
ACC	346	-0.9%	33.2%	53.9%	16.5	11.1	8.1	105.4	96.9	84.9	13%	16%
<b>Ambuja Cement</b>	<b>1,002</b>	<b>0.3%</b>	<b>8.5%</b>	<b>-0.9%</b>	<b>19.0</b>	<b>19.6</b>	<b>18.0</b>	<b>237.3</b>	<b>215.3</b>	<b>162.1</b>	<b>5%</b>	<b>7%</b>
Birla Corporation	97	10.5%	51.9%	328.1%	17.3	8.9	7.0	81.4	80.8	75.5	11%	10%
Heidelberg Cement	42	5.5%	17.5%	28.1%	11.3	8.5	7.6	74.9	71.8	69.4	18%	20%
JK Cement	239	12.0%	25.0%	38.4%	20.1	14.2	12.6	137.3	136.2	116.9	18%	13%
JK Lakshmi Cement	79	9.7%	20.4%	31.6%	11.7	9.0	7.8	71.4	71.3	58.5	17%	16%
Nuvoco Vistas	121	7.2%	30.5%	469.3%	14.0	9.0	7.3	85.8	81.2	71.9	6%	9%
Sagar Cements	32	23.8%	76.7%	384.3%	28.9	13.1	10.1	65.1	60.2	52.0	11%	9%
Shree Cements	917	11.0%	29.2%	29.3%	30.5	20.9	18.1	238.8	209.6	196.2	11%	18%
Star Cements	62	21.8%	30.0%	15.3%	12.4	10.8	9.0	126.3	100.6	90.5	13%	13%
The Ramco	232	11.2%	31.2%	47.2%	23.4	14.9	13.0	164.3	155.8	150.8	11%	11%
Ultratech Cements	2,419	12.6%	22.1%	33.8%	23.0	16.4	15.1	220.6	218.4	185.9	14%	15%

Source: Company, Centrum Broking; Note: FY23 numbers for ACC and Ambuja are for 15 months period

**Exhibit 1: Ambuja – 2QFY24 result summary (Standalone)**

Y/E March (Rsmm)	2QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)	1HFY23	1HFY24	YoY (%)
<b>Net Sales</b>	<b>36,704</b>	<b>47,297</b>	<b>39,698</b>	<b>8.2</b>	<b>(16.1)</b>	<b>76,687</b>	<b>86,995</b>	<b>13.4</b>
Expenditure								
Chg. in stock	(1,309)	(573)	(915)	NA	NA	-2,867	-1,488	(48.1)
RM consumption	3,057	4,743	3,721	21.7	(21.6)	6,172	8,464	37.1
Purchase of traded goods	1,212	4,658	4,462	268.2	(4.2)	2,865	9,120	218.3
Employee cost	1,532	1,309	1,490	(2.8)	13.8	3,178	2,799	(11.9)
Freight, packing etc	8,395	10,465	8,525	1.6	(18.5)	17,452	18,990	8.8
Power and fuel	14,147	11,715	9,653	(31.8)	(17.6)	27,353	21,368	(21.9)
Other exp	6,627	5,495	5,028	(24.1)	(8.5)	12,625	10,523	(16.7)
Operating Expenses	33,661	37,812	31,964	(5.0)	(15.5)	66,778	69,775	4.5
<b>EBITDA</b>	<b>3,043</b>	<b>9,486</b>	<b>7,734</b>	<b>154.1</b>	<b>(18.5)</b>	<b>9,908</b>	<b>17,220</b>	<b>73.8</b>
<b>EBITDA Margin (%)</b>	<b>8.3%</b>	<b>20.1%</b>	<b>19.5%</b>	<b>1119bps</b>	<b>(57)bps</b>	<b>12.9%</b>	<b>19.8%</b>	<b>687bps</b>
Other Income	470	1,895	3,781	704.0	99.6	6,780	5,676	(16.3)
Interest Costs	228	396	435	90.8	9.8	479	831	73.6
Depreciation	1,571	2,319	2,286	45.5	(1.4)	3,111	4,605	48.0
PBT	1,715	8,665	8,795	412.8	1.5	13,098	17,460	33.3
Tax	184	2,216	2,357	1,180.1	6.3	1,079	4,573	323.8
<b>Adjusted PAT</b>	<b>1,531</b>	<b>6,449</b>	<b>6,438</b>	<b>320.5</b>	<b>(0.2)</b>	<b>12,019</b>	<b>12,887</b>	<b>7.2</b>
Exceptional Items	152	-	-	-	-	152	-	-
<b>Reported PAT</b>	<b>1,683</b>	<b>6,449</b>	<b>6,438</b>	<b>282.5</b>	<b>(0.2)</b>	<b>11,867</b>	<b>12,887</b>	<b>8.6</b>
<b>NPM(%)</b>	<b>4.6%</b>	<b>13.6%</b>	<b>16.2%</b>	<b>1163bps</b>	<b>258bps</b>	<b>15.5%</b>	<b>14.8%</b>	<b>(66)bps</b>
<b>EPS (Rs.)</b>	<b>0.8</b>	<b>3.2</b>	<b>3.2</b>	<b>320.5</b>	<b>(0.2)</b>	<b>4.9</b>	<b>5.2</b>	<b>7.2</b>

Source: Centrum Broking, Company Data

**Exhibit 2: Ambuja - operational data (Standalone)**

Operational Data	2QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)	1HFY23	1HFY24	YoY (%)
Volume (mn mt)	7.04	9.10	7.58	7.7	(16.7)	14.43	16.68	15.6
Cement Realisation (Rs/mt)	5,214	5,197	5,237	0.5	0.8	5,314	5,216	(1.9)
Operating Costs (Rs/mt)	4,781	4,155	4,217	(11.8)	1.5	4,628	4,183	(9.6)
EBITDA (Rs/mt)	432	1,042	1,020	136.0	(2.1)	687	1,032	50.3

Source: Centrum Broking, Company Data

**Exhibit 3: Trend in operating costs/mt (Standalone)**

Costs/mt (Rs)	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	YoY (%)	QoQ (%)
Chg in stock	-156	-52	93	-211	-186	212	149	-63	-121	NA	NA
RM consumption	591	570	614	645	606	758	928	1,033	1,080	78.0	4.5
Employee cost	273	248	204	223	218	207	208	144	197	(9.7)	36.6
Freight cost	1,283	1,179	1,156	1,226	1,192	1,084	1,155	1,150	1,125	(5.7)	(2.2)
Power and fuel	1,244	1,573	1,372	1,787	2,009	1,570	1,281	1,287	1,274	(36.6)	(1.1)
Other expenses	853	905	734	812	941	710	574	604	663	(29.5)	9.8
<b>Operating costs/mt</b>	<b>4,087</b>	<b>4,424</b>	<b>4,173</b>	<b>4,481</b>	<b>4,781</b>	<b>4,540</b>	<b>4,296</b>	<b>4,155</b>	<b>4,217</b>	<b>(11.8)</b>	<b>1.5</b>
<b>EBITDA/mt</b>	<b>1,134</b>	<b>793</b>	<b>1,052</b>	<b>929</b>	<b>432</b>	<b>812</b>	<b>976</b>	<b>1,042</b>	<b>1,020</b>	<b>136.0</b>	<b>(2.1)</b>

Source: Centrum Broking, Company Data

**Exhibit 4: Ambuja – 2QFY24 result summary (Consolidated)**

Y/E March (Rsmm)	2QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)	1HFY23	1HFY24	YoY (%)
<b>Net Sales</b>	<b>71,314</b>	<b>87,129</b>	<b>74,240</b>	<b>4.1</b>	<b>(14.8)</b>	<b>1,51,643</b>	<b>1,61,369</b>	<b>6.4</b>
Expenditure								
Chg. in stock	(3,532)	(861)	(348)	NA	NA	-6,964	-1,209	(82.6)
RM consumption	9,021	11,421	9,953	10.3	(12.9)	18,963	21,373	12.7
Purchase of traded goods	1,044	578	726	(30.5)	25.5	2,048	1,304	(36.3)
Employee cost	3,674	3,777	3,412	(7.1)	(9.7)	7,521	7,189	(4.4)
Freight, packing etc	18,228	22,119	18,004	(1.2)	(18.6)	38,064	40,123	5.4
Power and fuel	27,329	23,121	18,635	(31.8)	(19.4)	53,654	41,756	(22.2)
Other exp	12,323	10,305	10,840	(12.0)	5.2	23,980	21,145	(11.8)
Operating Expenses	68,087	70,460	61,221	(10.1)	(13.1)	1,37,267	1,31,681	(4.1)
<b>EBITDA</b>	<b>3,227</b>	<b>16,670</b>	<b>13,018</b>	<b>303.5</b>	<b>(21.9)</b>	<b>14,376</b>	<b>29,688</b>	<b>106.5</b>
<b>EBITDA Margin (%)</b>	<b>4.5%</b>	<b>19.1%</b>	<b>17.5%</b>	<b>1301bps</b>	<b>(160)bps</b>	<b>9.5%</b>	<b>18.4%</b>	<b>892bps</b>
Other Income	1,016	2,632	4,760	368.5	80.8	2,346	7,393	215.2
Interest Costs	405	521	613	51.2	17.6	805	1,133	40.8
Depreciation	3,307	3,717	3,809	15.2	2.5	6,494	7,526	15.9
PBT	531	15,064	13,357	2,415.5	(11.3)	9,422	28,421	201.6
Tax	-127	3,762	3,525	(2,868.8)	(6.3)	173	7,287	4,107.1
<b>Adjusted PAT</b>	<b>658</b>	<b>11,302</b>	<b>9,832</b>	<b>1,393.6</b>	<b>(13.0)</b>	<b>9,249</b>	<b>21,134</b>	<b>128.5</b>
Exceptional Items	52	53	40	(22.3)	(24.0)	115	93	(19.5)
<b>Reported PAT</b>	<b>315</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>315</b>	<b>-</b>	<b>-</b>
<b>NPM(%)</b>	<b>395</b>	<b>11,355</b>	<b>9,872</b>	<b>2,398.1</b>	<b>(13.1)</b>	<b>9,050</b>	<b>21,227</b>	<b>134.6</b>
<b>EPS (Rs.)</b>	<b>0.6%</b>	<b>13.0%</b>	<b>13.3%</b>	<b>1274bps</b>	<b>27bps</b>	<b>6.0%</b>	<b>13.2%</b>	<b>719bps</b>

Source: Centrum Broking, Company Data

**Exhibit 5: Ambuja - operational data (Consolidated)**

Operational Data	2QFY23	1QFY24	2QFY24	YoY (%)	QoQ (%)	1HFY23	1HFY24	YoY (%)
Volume (mn mt)	12.8	15.4	13.1	2.3	(14.9)	26.9	28.5	5.9
Cement Realisation (Rs/mt)	5,571	5,658	5,667	1.7	0.2	5,637	5,662	0.4
Operating Costs (Rs/mt)	4,781	4,155	4,217	(11.8)	1.5	5,103	4,620	(9.5)
EBITDA (Rs/mt)	252	1,082	994	294.2	(8.2)	534	1,042	94.9

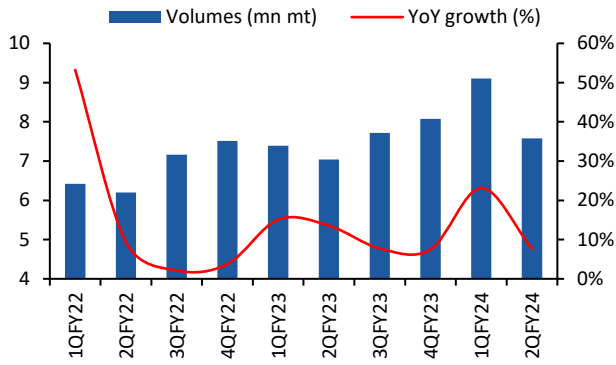
Source: Centrum Broking, Company Data

**Exhibit 6: Trend in operating costs/mt (Consolidated)**

Costs/mt (Rs)	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	YoY (%)
Chg in stock	-182	128	11	-243	-276	203	200	-56	-27	NA
RM consumption	665	611	691	776	786	739	796	779	815	78.0
Employee cost	328	272	243	273	287	268	275	245	260	(9.7)
Freight cost	1,392	1,270	1,331	1,407	1,424	1,342	1,392	1,436	1,374	(5.7)
Power and fuel	1,311	1,456	1,439	1,867	2,135	1,709	1,406	1,501	1,423	(36.6)
Other expenses	882	838	781	827	963	774	703	669	828	(29.5)
<b>Operating costs/mt</b>	<b>4,396</b>	<b>4,575</b>	<b>4,497</b>	<b>4,906</b>	<b>5,319</b>	<b>5,035</b>	<b>4,771</b>	<b>4,575</b>	<b>4,673</b>	<b>(11.8)</b>
<b>EBITDA/mt</b>	<b>1,190</b>	<b>795</b>	<b>989</b>	<b>791</b>	<b>252</b>	<b>736</b>	<b>879</b>	<b>1,082</b>	<b>994</b>	<b>136.0</b>

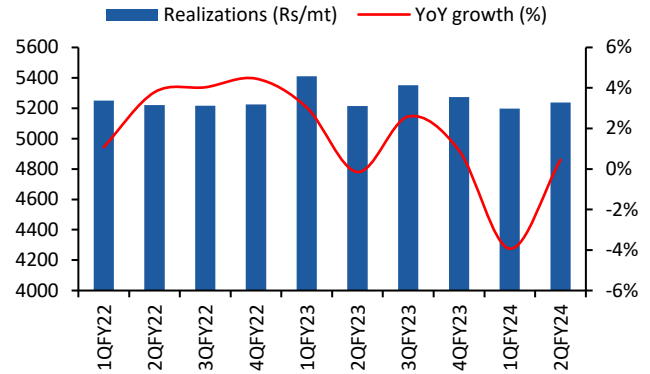
Source: Centrum Broking, Company Data

**Exhibit 7: Volume up 7.7% YoY**



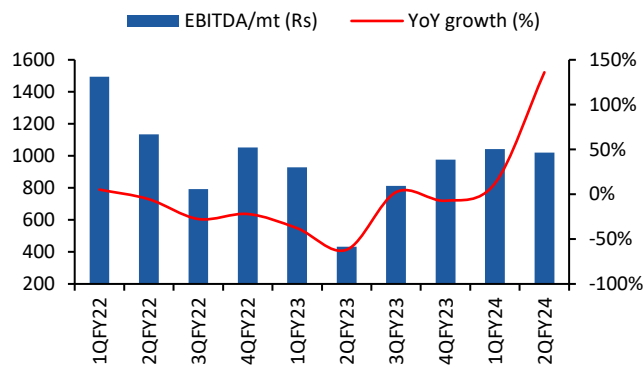
Source: Centrum Broking, Company Data

**Exhibit 8: Realisation flat**



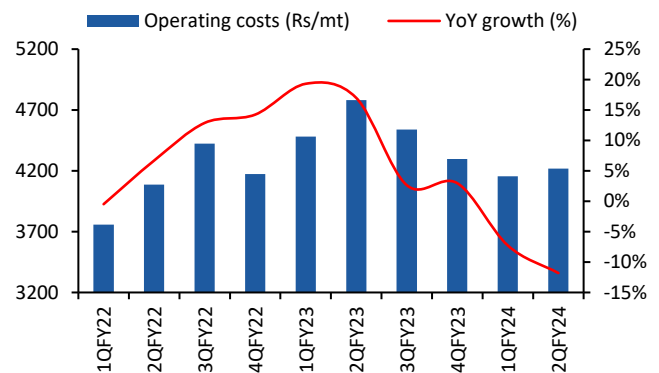
Source: Centrum Broking, Company Data

**Exhibit 9: EBITDA/mt at Rs1,020**



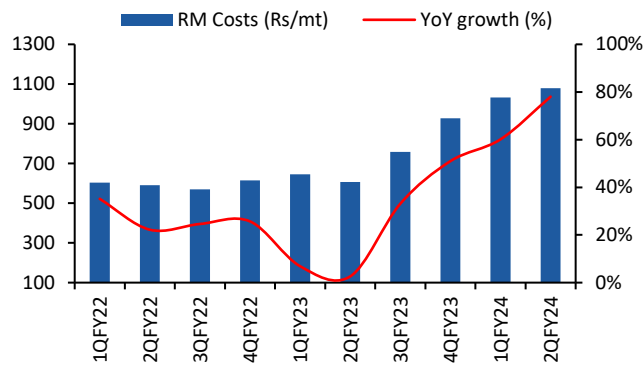
Source: Centrum Broking, Company Data

**Exhibit 10: Operating costs continue to decline**



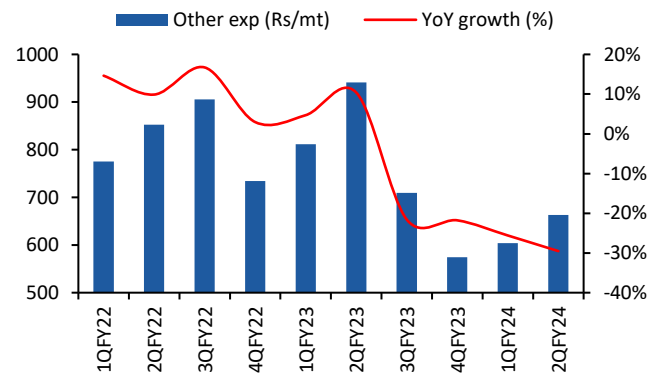
Source: Centrum Broking, Company Data

**Exhibit 11: RM costs remain elevated**



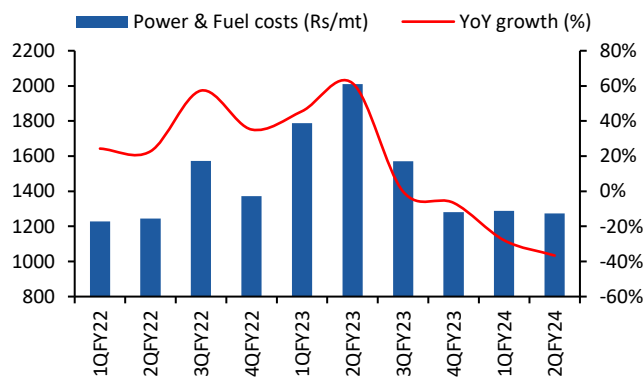
Source: Centrum Broking, Company Data

**Exhibit 12: Other expenses down by 25.9% YoY**



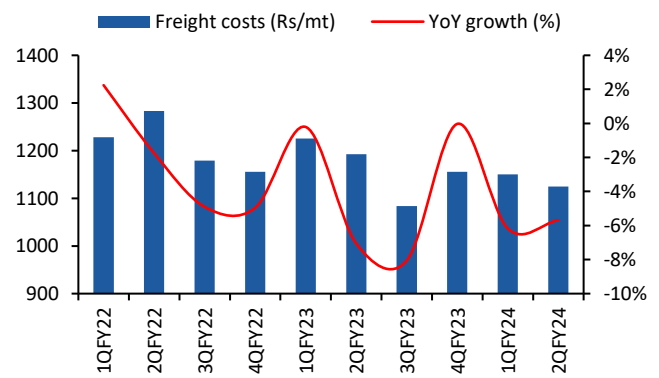
Source: Centrum Broking, Company Data

**Exhibit 13: Sharp reduction in P&F costs**

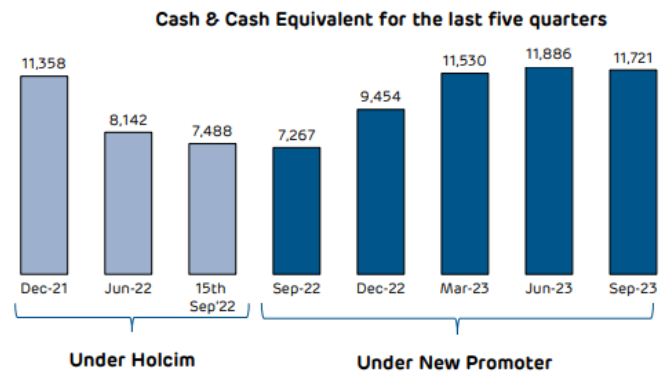


Source: Centrum Broking, Company Data

**Exhibit 14: Freight costs down 5.7% YoY**



Source: Centrum Broking, Company Data

**Exhibit 15: Cash balance position**

Source: Centrum Broking, Company Data

**Exhibit 16: Synopsis of Changes in cash and cash equivalent**

Cash Balance	Rs. Crs
Opening balance as on 1st Apr 2023	11,530
(+) Cash flow from operations before changes in Working Capital	2,782
(+) Interest Cost (net of treasury income) and lease liability	(168)
(-) Changes in working capital	(311)
(-) Income tax paid	(417)
(-) Dividend paid (net of receipts)	(559)
(-) Capex (incl advance) (net) & Inter Corporate Deposits paid	(1,461)
Free Cash (other than Cash lien marked) - As on 30th September 2023	11,397
(+) Lien marked cash for CCI and other ongoing court cases	324
<b>Total Cash &amp; Cash Equivalents</b>	<b>11,721</b>

Source: Centrum Broking, Company Data

**Exhibit 17: Efficiency improvement measure by the company**

Project Description	Expected timelines for completion	Project Cost	Capex incurred till date
Waste Heat Recovery System (67 MW)	Maratha - Q4 FY24 Ambujanagar - Q1 FY25 Wadi - Q2 FY25 Chanda - Q1 FY25	1,068	404
Mechanisation (various initiatives)	FY 25	1,055	127
Geo Clean (AFR)	FY 25	157	9
BCFC Rakes	FY 25	845	38
BCFC unloading & Rail Infrastructure (14 locations)	FY 25	711	44

Source: Company Data

**Exhibit 18: Capacity expansion projects**

	Clinker (MTPA)	Cement (MTPA)	Expected timelines for completion
<b>Debottlenecking</b>			
Bhatinda	-	1.3	Q3 FY25
<b>Brownfield</b>			
Bhatapara Line 3 (CU)	4.0	-	Q2 FY26
Maratha Line 2 (CU)	4.0	-	Q4 FY26
Sankrail (GU)	-	2.3	Q3 FY25
Mundra (GU)	-	4.6	Q2 FY26 (1st Line) Q3 FY26 (2nd Line)
Marwar (GU)	-	2.4	Q4 FY25
Sindri (GU)	-	1.6	Q2 FY25
<b>Greenfield</b>			
Salai Banwa (GU)	-	2.4	Q1 FY26
Farakka (GU)	-	4.6	Q3 FY25
<b>Total Expansion Projects</b>	<b>8.0</b>	<b>19.2</b>	

Source: Company Data

**Exhibit 19: Key changes to our estimates and assumptions**

YE Mar (Rs mn)	FY24E	FY24E	% chg	FY25E	FY25E	% chg
	New	Old		New	Old	
Revenue	1,79,455	1,75,508	2.2	2,01,205	1,89,600	6.1
EBITDA	33,769	40,223	-16.0	37,942	44,017	-13.8
EBITDA margin	18.8	22.9	(410) bps	18.9	23.2	(436) bps
Adj. PAT	22,892	26,823	-14.7	25,063	29,421	-14.8
Diluted EPS (Rs)	9.3	10.9	-14.7	10.2	11.9	-14.8

YE Mar	FY24E	FY24E	% chg	FY25E	FY25E	% chg
	New	Old		New	Old	
Volumes (mn mt)	33.5	32.9	1.8	36.9	35.2	4.6
Realization (Rs/mt)	5,305	5,278	0.5	5,411	5,331	1.5
Operating exp/mt	4,349	4,110	5.8	4,430	4,133	7.2
EBITDA/mt	1,008	1,222	-17.5	1,030	1,250	-17.6

Source: Centrum Broking

**Exhibit 20: Valuation Summary**

Particulars	(Rs mn)
Sep25 EBITDA	41,673
Target multiple (x)	15
Enterprise value	6,25,102
Less: Net debt & CWIP	(2,28,068)
Equity value	8,53,171
Value of stake held in ACC	1,97,367
Holding company discount	10%
Adjusted value of ACC stake	1,77,630
<b>Total equity value</b>	<b>10,30,801</b>
No of shares (mn)	2,463
<b>Target price (Rs)</b>	<b>418</b>

Source: Centrum Broking, Company Data

P&L					
YE Mar (Rs mn)	CY21A	FY23A	FY24E	FY25E	FY26E
<b>Revenues</b>	<b>1,39,790</b>	<b>1,99,854</b>	<b>1,79,455</b>	<b>2,01,205</b>	<b>2,29,672</b>
Operating Expense	78,680	1,31,327	1,11,647	1,24,548	1,41,233
Employee cost	6,812	8,002	7,685	8,096	8,529
Others	22,147	28,321	26,355	30,619	34,504
<b>EBITDA</b>	<b>32,152</b>	<b>32,204</b>	<b>33,769</b>	<b>37,942</b>	<b>45,405</b>
Depreciation & Amortisation	5,517	8,324	8,910	10,647	13,247
<b>EBIT</b>	<b>26,634</b>	<b>23,880</b>	<b>24,859</b>	<b>27,295</b>	<b>32,158</b>
Interest expenses	910	1,280	1,356	1,438	1,524
Other income	2,812	9,523	7,644	8,242	8,857
<b>PBT</b>	<b>28,536</b>	<b>32,123</b>	<b>31,146</b>	<b>34,099</b>	<b>39,491</b>
Taxes	7,047	5,016	8,254	9,036	10,465
Effective tax rate (%)	24.7	15.6	26.5	26.5	26.5
<b>PAT</b>	<b>21,489</b>	<b>27,108</b>	<b>22,892</b>	<b>25,063</b>	<b>29,026</b>
Minority/Associates	0	0	0	0	0
<b>Recurring PAT</b>	<b>21,489</b>	<b>27,108</b>	<b>22,892</b>	<b>25,063</b>	<b>29,026</b>
Extraordinary items	(657)	(1,573)	0	0	0
<b>Reported PAT</b>	<b>20,832</b>	<b>25,535</b>	<b>22,892</b>	<b>25,063</b>	<b>29,026</b>
Ratios					
YE Mar	CY21A	FY23A	FY24E	FY25E	FY26E
<b>Growth (%)</b>					
Revenue	22.9	43.0	(10.2)	12.1	14.1
EBITDA	21.5	0.2	4.9	12.4	19.7
Adj. EPS	20.0	22.5	(29.9)	9.5	15.8
<b>Margins (%)</b>					
Gross	91.9	86.3	83.8	83.7	83.7
EBITDA	23.0	16.1	18.8	18.9	19.8
EBIT	19.1	11.9	13.9	13.6	14.0
Adjusted PAT	14.9	12.8	12.8	12.5	12.6
<b>Returns (%)</b>					
ROE	10.1	10.7	6.2	5.4	6.1
ROCE	10.4	11.1	6.5	5.7	6.3
ROIC	10.8	9.8	7.2	6.9	7.2
<b>Turnover (days)</b>					
Gross block turnover ratio (x)	1.3	1.5	1.2	1.1	1.0
Debtors	6	7	10	11	11
Inventory	355	218	233	216	198
Creditors	326	190	201	178	175
Net working capital	37	111	377	296	232
<b>Solvency (x)</b>					
Net debt-equity	(0.2)	(0.3)	(0.4)	(0.4)	(0.3)
Interest coverage ratio	35.3	25.2	24.9	26.4	29.8
Net debt/EBITDA	(1.3)	(2.5)	(6.0)	(4.8)	(3.6)
<b>Per share (Rs)</b>					
Adjusted EPS	10.8	13.3	9.3	10.2	11.8
BVPS	111.8	139.4	183.4	190.6	198.9
CEPS	13.6	17.3	12.9	14.5	17.2
DPS	1.0	6.1	2.5	3.0	3.5
Dividend payout (%)	9.7	49.0	26.9	29.5	29.7
<b>Valuation (x)</b>					
P/E	37.6	30.7	43.8	40.0	34.5
P/BV	3.6	2.9	2.2	2.1	2.0
EV/EBITDA	23.9	22.5	17.9	16.5	14.2
Dividend yield (%)	25.0	150.4	61.4	73.7	86.0

Source: Company, Centrum Broking

Balance sheet					
YE Mar (Rs mn)	CY21A	FY23A	FY24E	FY25E	FY26E
Equity share capital	3,971	3,971	4,926	4,926	4,926
Reserves & surplus	2,18,101	2,81,122	4,46,903	4,64,577	4,84,982
Shareholders fund	2,22,073	2,85,094	4,51,829	4,69,503	4,89,908
Minority Interest	0	0	0	0	0
Total debt	435	435	435	435	435
Non Current Liabilities	3,631	1,059	1,100	1,144	1,191
Def tax liab. (net)	2,018	2,018	2,018	2,018	2,018
<b>Total liabilities</b>	<b>2,28,157</b>	<b>2,88,606</b>	<b>4,55,383</b>	<b>4,73,100</b>	<b>4,93,552</b>
Gross block	1,07,075	1,29,999	1,53,753	1,84,140	2,34,584
Less: acc. Depreciation	(34,051)	(42,398)	(51,333)	(62,007)	(75,284)
Net block	73,025	87,601	1,02,420	1,22,132	1,59,300
Capital WIP	9,513	8,419	35,000	55,000	55,000
Net fixed assets	85,970	99,452	1,40,853	1,80,565	2,17,733
Non Current Assets	8,863	9,339	9,845	10,381	10,950
Investments	1,17,969	1,17,969	1,17,969	1,17,969	1,17,969
Inventories	14,636	17,981	19,159	19,499	20,991
Sundry debtors	2,932	4,354	5,900	6,615	7,551
Cash & Cash Equivalents	41,631	82,510	2,03,278	1,81,982	1,64,155
Loans & advances	48	48	48	48	48
Other current assets	8,501	10,413	9,958	10,821	12,456
Trade payables	11,444	17,078	15,013	16,938	18,959
Other current liab.	42,044	37,476	37,702	38,928	40,424
Provisions	89	93	96	100	104
Net current assets	14,169	60,659	1,85,530	1,62,999	1,45,714
<b>Total assets</b>	<b>2,28,157</b>	<b>2,88,606</b>	<b>4,55,383</b>	<b>4,73,100</b>	<b>4,93,552</b>

Cashflow					
YE Mar (Rs mn)	CY21A	FY23A	FY24E	FY25E	FY26E
Profit Before Tax	27,879	30,551	31,146	34,099	39,491
Depreciation & Amortisation	5,517	8,324	8,910	10,647	13,247
Net Interest	910	1,280	1,356	1,438	1,524
Net Change – WC	(2,906)	(5,611)	(4,103)	1,235	(543)
Direct taxes	(7,047)	(5,016)	(8,254)	(9,036)	(10,465)
<b>Net cash from operations</b>	<b>24,354</b>	<b>29,528</b>	<b>29,057</b>	<b>38,383</b>	<b>43,254</b>
Capital expenditure	(13,435)	(21,806)	(50,311)	(50,359)	(50,414)
Acquisitions, net	0	0	0	0	0
Investments	(47)	0	0	0	0
Others	4,480	(477)	(506)	(536)	(569)
<b>Net cash from investing</b>	<b>(9,003)</b>	<b>(22,283)</b>	<b>(50,817)</b>	<b>(50,895)</b>	<b>(50,983)</b>
<b>FCF</b>	<b>15,351</b>	<b>7,245</b>	<b>(21,760)</b>	<b>(12,512)</b>	<b>(7,729)</b>
Issue of share capital	0	0	955	0	0
Increase/(decrease) in debt	(1)	0	0	0	0
Dividend paid	(2,021)	(12,514)	(6,158)	(7,389)	(8,621)
Interest paid	(910)	(1,280)	(1,356)	(1,438)	(1,524)
Others	(32)	47,428	1,49,087	44	47
<b>Net cash from financing</b>	<b>(2,964)</b>	<b>33,634</b>	<b>1,42,528</b>	<b>(8,783)</b>	<b>(10,099)</b>
Net change in Cash	12,387	40,879	1,20,768	(21,295)	(17,827)

Source: Company, Centrum Broking



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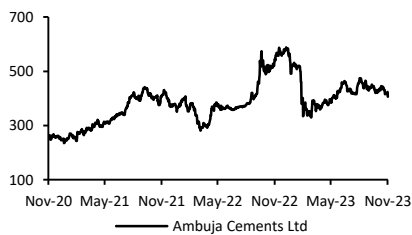
Buy – The stock is expected to return above 15%.

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**Ambuja Cement**



Source: Bloomberg

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